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Talking Points for the DDCI
(14 September 1983)

Middle East

The Middle East continues to be a major trouble spot; old problems resist solution and new threats to regional and international stability break out without seeming let-up.

- The military effort by the Polisario guerrillas is on the upswing of late, despite OAU efforts to broker an end to their fighting with Morocco's King Hassan.
- Qadhafi's efforts to cause trouble in Africa and elsewhere continue apace. Libya is actively promoting the civil war in Chad, trying to undermine President Nimeiri in Sudan, and supplying arms to the Sandinistas and almost anyone else who is looking to cause unrest.



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Two other situations in the region now preoccupy our analysts--

- the Iran-Iraq war and its ramifications, and
- the crisis in Lebanon.

In the Persian Gulf, we are concerned with three questions:

- Will the Iran-Iraq war spread, affecting the stability of other Gulf regimes, and the flow from the Persian Gulf of some 8 million barrels of oil a day mostly to Europe and Japan?
- Can the regime in Baghdad survive continuing Iranian military and economic pressure?
- How will Iran evolve politically, particularly in its relations with the West and the USSR?



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The most immediate of these concerns is the threat of military escalation of the Iran-Iraq war.

- The war, 3 years old on September 22, is the most destructive Middle East war in modern times.
- 180,000 killed (120,000 Iranian, 60,000 Iraqi), over 300 fighter aircraft and 3,500 armored vehicles lost.
- Now settled into war of attrition.
- Neither side is capable of inflicting a decisive military defeat, and there is no sign of an early negotiated settlement.
- Iranian strategy is to spread Iraqi forces, launch frequent, relatively small attacks, and maintain economic pressure by denying Iraq ability to export oil from the Persian Gulf.

Iraq is holding militarily, but its worsening economic situation could soon push it toward desperate measures.

- Foreign exchange reserves stand at about \$5 billion.
- Revenues have declined from \$25 billion in 1980 to \$7 billion in 1983.
- Oil exports have declined from 3 million b/d to a projected 700,000 b/d for the same period.
- War and imports costs, meanwhile, are estimated at \$1.3 billion per month.

Iraq can not reverse its economic fortunes without resuming large scale export of oil. We believe Iraqi strategists, having concluded that Tehran will not negotiate, are now preoccupied with how to resume Iraqi oil exports.

- Baghdad could resume attacks on vital Iranian oil facilities or on international oil tankers in the Gulf in an attempt to force superpower intervention to secure either a ceasefire or quarantees of safe passage for all oil exports, including Iraq's.
- Iraq is scheduled to receive five French Super Etendard aircraft armed with Exocet antiship missiles on 17 September.
- Some evidence suggests Iraq will begin to rebuild its Gulf export facilities and use this new air capability to threaten Iran if it interferes. Alternatively, Iraq could use planes to intensify attacks on Iranian oil shipping.
- Iran has vowed that if Iraq tries to halt Iranian oil exports from the Gulf, Iran will prevent all shipping from the Gulf. Iran has the military capability to make good its threat, at least temporarily.

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President Saddam Hussein of Iraq does not appear in immediate danger of falling despite his many problems.

- Saddam has tightened his control through purges. Opposition groups do not presently appear to have enough power to unseat him.
- Unless there is a military collapse, we believe the two main opposition groups--the Dawa (Shia) and the Kurds--will be unable to cooperate in overthrowing Saddam.
- Still the regime sustains itself mostly through narrow family and tribal ties, and with repression.
- The greatest threat to Saddam, we believe, is assassination or coup by other important elements within the leadership.

Iraq-Soviet relations have run an uneven course, but have improved since spring, 1982.

- Currently 1,000 military and 5,000 economic and technical Soviet advisers in Iraq.
- Soviets will maintain considerable leverage with Iraq for as long as the war continues given Iraq's critical need for Soviet arms.

We do not expect any sudden change in political direction in Iran over the next year.

- The (actuarial) odds favor Khomeini remaining alive and active over the next few years. If he were to die, we would expect the current cleric regime to survive.
- No known group can match the clerics for organization and resources.
- Popular dissatisfaction with the cleric government has increased recently, but in our judgment is not yet a threat.

The succession question will be the most important test for the new regime.

- Can it survive the passing of Khomeini, who is a unique figure to the Iranian revolution?
- Contending power centers exist and will vie, perhaps violently, for power.
- The basic dispute is over allowing power to reside in the hands of a supreme "guardian Imam" modeled after Khomeini, or in a less autocratic regime loosely presided over by a council of religious leaders.

In foreign affairs Tehran will continue to focus on:

- Ousting the Baath regime in Baghdad.
- Promoting radical third world causes and Islamic regimes in the area.

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-- Providing low level support for select Afghan insurgents.

Iran-Soviet relations will remain cool, but a complete break is unlikely.

-- Geographic proximity alone probably dictates some cooperation.

Economically, Iran is in better shape than Iraq, exporting 1.9 million b/d, which earn more than \$19 billion a year; more than enough to pay for the war and fund most economic development.

North Korea remains Iran's largest single arms supplier.

-- Since the beginning of the war, North Korea has delivered more than \$750 million worth of military equipment to Iran, about one-third of the total delivered to Iran from all sources. This includes tanks, artillery, antiaircraft guns, and ammunition.

-- We estimate there are about 20 North Korean military advisors inside Iran.

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Background Iran-Iraq OB

	<u>IRAQ</u>		<u>IRAN</u>
<u>Army</u>			
Personnel	400,000		200,000 (200,000 Irregulars)
Divisions	22		8
Tanks	3,200 (300 T-72s)		900 (300 Chieftains)
APCs	3,000		900
Artillery	1,500 (200 SP)		750 (250 SP)
<u>Surface to Surface Missiles</u>			
Launchers	35		0
<u>Air Force</u>			
Personnel	17,000		50,000
MIG-25	22	F-14	73
Mirage F1	30	F-4	90
MIG-23	60	F-5	60
MIG-21	200		
SU 20/22	100		
TU-16/22 bombers	16		
Total Operational	300+		80
<u>Air Defense</u>			
Personnel	20,000		20,000
SA-2 (launchers)	100	HAWK	200
SA-3	80	Rapier	50
SA-6	105	Tiger Cat	30
SA-9	50		
Roland	12		
<u>Navy</u>			
Personnel	5,000		15,000
Destroyers	--		3
Frigates	--		4
Missile Boats	10		10

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Recent events in Lebanon have undermined President Gemayel's government. Gemayel has lost the support of most of Lebanon's factional leaders, and his future as President depends upon the Army's ability to defend the greater Beirut area from additional Druze advances.

- The Army's ability to defend the Gemayel government will be seriously threatened if Shia Muslim militias in West Beirut join in the fighting.

Communal violence in Lebanon will continue, however, until the Maronite Christian community agrees to relinquish its political dominance and establishes new power-sharing arrangements that accord Muslims a greater role in the government.

- Gemayel is in a poor position to make such compromises.
- He lacks sufficient support from the Phalange Party and from Lebanese Forces militia commanders, who increasingly believe the President has betrayed Christian interests.

These Christian hardliners resist political compromise, and instead want Gemayel to attract Israeli support by establishing formal relations with Tel Aviv.

- The Israelis, however, are ill-disposed toward intervening in force north of the Awwali River, and are more likely to seek understandings with the Druze to prevent PLO reinfiltration.

Syria has played an important indirect role in supporting the Druze drive to establish firm control over the Shuf mountains.

- Damascus has provided the Druze with advice, ammunition, and weapons, and is pressing Druze leader Walid Junblatt to hold out for significant concessions from the Gemayel government.
- Syria has also apparently orchestrated the involvement of PLO units in the fighting. There are probably 500 to 1000 Palestinians fighting alongside the Druze in the Shuf mountains.
- Damascus wants a pro-Syrian government in Beirut that would serve its security interests and abrogate the Lebanese/Israeli agreement.

Assad wants to avoid, however, prompting an Israeli military response or an expanded US military role in Lebanon.

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